Profit of Public Sector Banks after VRS

1014. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether as a result of golden handshake scheme extended to Banks, profitability of most of the Public Sector Banks has been reduced to a large extent;

(b) if so, the details thereof Bank-wise vis-a-vis their profitability for the last three years;

(c) the details of measures taken to increase profitability of these Public Sector Banks;

(d) whether it is a fact that some of these Public Sector Banks have suffered losses due to voluntary retirement scheme;

(e) if so, the details thereof Bank-wise; and

(f) the details of measures taken to revive them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Reserve Bank of India (RBI) has reported that some of the Public Sector Banks have registered lower profits for the year ended 31st March, 2001, which is attributable partly to the expenditure incurred by these Banks under the Voluntary Retirement Scheme. The details of net profit of Public Sector Banks, Bank-wise, for the last three years, is furnished in the Statement (*See* below).

(c) The Public Sector Banks are taking concerted steps to increase their profitability by rationalizing their branch network, abolition of zonal offices, reduction of NPAs, lowering costs of deposits, increasing productivity etc.

(d) to (f) Only two Public Sector Banks *viz.* Dena Bank and Indian Bank, recorded net loss of Rs. 266 crore and Rs. 274 crore, respectively, during the year 2000-2001. While in the case of Dena Bank it has reported net loss for the first time, in the case of Indian Bank, its net losses have reduced substantially compared to the previous two years. Their losses were due to high level of Non-Performing Assets (NPAs) high operating costs and expenditure on account of Voluntary Retirement Scheme (VRS). These Banks have

taken steps to improve their performance by closely monitoring the NPA accounts, settling maximum number of cases under one-time settlement scheme of Reserve Bank of India, reducing its expenses, mobilizing low cost deposits, stepping up recoveries in written off accounts, improvement in funds management system and increase in fee-based business. The performance of Dena Bank was reviewed by the Cental Government and Reserve Bank of India in high level meetings and is being monitored closely.

Statement

Net Profit of Public Sector Banks

Sl. No.	Name of the Bank	Net Profit		
		31-03-1999	31-03-2000	31-03-2001
1	2	3	4	5
1.	Allahabad Bank	135	69	40
2.	Andhra Bank	90	121	121
3.	Bank of Baroda	421	503	301
4.	Bank of India	201	173	252
5.	Bank of Maharashtra	52	90	45
6.	Canara Bank	225	236	285
7.	Central Bank of India	146	151	46
8.	Corporation Bank	192	232	262
9.	Dena Bank	110	63	−266
10.	Indian Bank	−778	−427	−274
11.	Indian Overseas Bank	55	40	116
12.	Oriental Bank of Commerce	230	279	203
13.	Punjab & Sind Bank	56	61	13
14.	Punjab National Bank	372	408	464
15.	Syndicate Bank	143	216	235
16.	UCO Bank	−68	37	33

1	2	3	4	5
17.	Union Bank of India	160	101	155
18.	United Bank of India	15	31	19
19.	Vijaya Bank	30	61	71
20.	State Bank of India	1028	2052	1604
21.	State Bank of Bikaner & Jaipur	92	120	105
22.	State Bank of Hyderabad	112	128	150
23.	State Bank of Indore	31	45	64
24.	State Bank of Mysore	34	48	26
25.	State Bank of Patiala	101	131	161
26.	State Bank of Saurashtra	25	86	16
27.	State Bank of Travancore	43	66	97

Review of the shifting of Foreign Exchange Division of SBI to Mumbai

1015. SHRI NILOTPAL BASU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign exchange division of SBI located in Kolkata was subsequently shifted to Mumbai;

(b) if so, the details thereof and the reasons therefor;

(c) the year-wise turnover and profit of the division for the last three years in Kolkata and during the subsequent period after the division shifted to Mumbai;

(d) whether these data vindicate the decision for the shifting;

(e) if not, whether the decision for shifting will be reserved; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) State Bank of India (SBI) has reported that while its Foriegn Department continues to function at Kolkata, its inter-bank foriegn exchange dealing and cover operation functions were shifted to Mumbai with effect from 12th October, 1998 as part of the Bank's integration of its